

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10 ISO-00

PA-01 PRS-01 OPIC-03 AGR-01 L-03 FRB-03 OMB-01

ITC-01 SP-02 USIA-06 AID-05 CIAE-00 COME-00

INR-07 IO-13 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01

STR-04 TRSE-00 CEA-01 /118 W

-----132033Z 053032 /64

R 131740Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 8200

INFO AMEMBASSY ABIDJAN

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USEEC
USOECD

E.O. 11652: NA
TAGS: UNCTAD
SUBJ: SECOND PREPARATORY MEETING ON NATURAL RUBBER (NR)

REF: A. GENEVA 419, B. GENEVA 420

SUMMARY: SECOND UNCTAD PREPARATORY MEETING ON NATURAL RUBBER (NR) MAINTAINED POSITIVE AND CONSTRUCTIVE ATMOSPHERE OF FIRST SESSION. RESULTS SATISFIED INTERESTS OF BOTH SIDES BY PROVIDING PRODUCERS WITH EVIDENCE OF PROGRESS AND A TIME FRAME FOR MOVEMENT TOWARD THEIR OBJECTIVE OF ESTABLISHING A PRICE STABILIZATION SCHEME FOR NR, WHILE NOT COMMITTING CONSUMERS TO NEGOTIATIONS AT THIS TIME. END SUMMARY.

1. THE SECOND PREPARATORY MEETING FOR NATURAL RUBBER, ATTENDED BY MAJOR PRODUCING AND CONSUMING COUNTRIES, LIMITED OFFICIAL USE

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JUNE 6 - 10, AGREED TO ESTABLISH A TASK FORCE WHICH WILL MEET AS REQUIRED TO CONSIDER AND ASSESS SPECIFIC ELEMENTS OF A POSSIBLE COMMODITY AGREEMENT AND OTHER FACTORS RELATING TO NATURAL RUBBER. NOVEMBER 1978 WAS ESTABLISHED AS A TARGET FOR THE TASK FORCE TO COMPLETE ITS WORK. THE TASK FORCE WILL FORMULATE CONCRETE RECOMMENDATIONS TO A THIRD PREPARATORY MEETING TO BE CONVENED NOT LATER THAN FEBRUARY 1978. AT THIS THIRD MEETING CONSUMERS WOULD BE EXPECTED TO INDICATE THEIR INTENTIONS TOWARD THE NEGOTIATION OF A RUBBER STABILIZATION AGREEMENT.

2. WHILE NOT SPELLED OUT IN THE FINAL COMMUNIQUE, (SENT SEPTEL), THERE WAS AN INFORMAL CONSENSUS AMONG MAJOR CONSUMERS AND PRODUCERS THAT THE TASK FORCE WOULD HOLD TWO MEETINGS, ONE SESSION PERHAPS AS MUCH AS TWO WEEKS IN LENGTH IN LATE SEPTEMBER TO FOCUS ON THE TECHNICAL ASPECTS OF PRICE STABILIZATION, AND A SECOND IN LATE NOVEMBER TO FORMULATE RECOMMENDATIONS TO THE THIRD PREPARATORY MEETING. PRODUCERS INDICATED AN INTEREST IN

HOLDING ONE OF THE MEETINGS IN EAST ASIA, PROBABLY BANGKOK.

3. THE MAJOR CONSUMER ATTITUDES AT THE MEETING SHOWED MARKED CONTRAST, WITH THE U.S. APPEARING MOST CONSTRUCTIVE, THOUGH NON-COMMITAL, THE JAPANESE ADOPTING A LOW POSTURE, CONTENT TO FOLLOW THE U.S. LEAD, AND THE EEC APPEARING BOTH CONTENTIOUS AND UNCOORDINATED. NORDICS WERE UNITED AND VERY SATISFIED WITH OUTCOME. SOVIETS KEPT A LOW PROFILE

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A-01 PRS-01 OPIC-03 L-03 FRB-03 OMB-01 ITC-01
SP-02 USIA-06 AID-05 CIAE-00 COME-00 INR-07 IO-13
LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04
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FM USMISSION GENEVA
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BUT COOPERATED WITH OTHER INDUSTRIALIZED CONSUMERS. PRC ATTENDING AN UNCTAD COMMODITY MEETING FOR A SECOND TIME, MADE ITS USUAL SPEECH SUPPORTING LDC ASPIRATIONS AND CON-DEMNING IMPERIALISTS.

4. MUTUAL SENSITIVITY TO EACH OTHERS INTERESTS PROVIDED THE BASIS FOR THE CONSTRUCTIVE ATMOSPHERE WHICH PREVAILED BETWEEN PRODUCERS AND CONSUMERS THROUGHOUT THE MEETING. INDONESIA'S ALATAS, WHO AGAIN ASSUMED THE ROLE OF PRODUCERS' SPOKESMAN, INDICATED EARLY IN THE WEEK THAT PRODUCERS UNDERSTOOD THE DIFFICULTIES WHICH CERTAIN CONSUMERS WOULD HAVE WITH MAKING COMMITMENTS AT THIS TIME. USDEL (HEWITT) SERVED AS SPOKESMAN FOR CONSUMERS (INCLUDING MOST SOCIALIST COUNTRIES AND LDC CONSUMERS) AT THEIR REQUEST. HE MADE CLEAR THE CONSTRUCTIVE APPROACH OF CONSUMERS TO THE RUBBER DIALOGUE AND UNDERSTANDING OF PRODUCER DESIRE FOR TANGIBLE EVIDENCE OF PROGRESS, WHILE EMPHASIZING THE NEED FOR MORE DETAILED WORK BEFORE DECISIONS CAN BE TAKEN. BOTH PRODUCERS AND CONSUMERS EXPRESSED WARM APPRECIATION OF BALANCING ROLE

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OF THE U.S. AT THIS MEETING. U.S. INDUSTRY ADVISORS ALSO SATISFIED WITH OUTCOME.

5. DETAILED TECHNICAL DISCUSSIONS TOOK PLACE JUNE 2 & 3
IN AN INTERGOVERNMENTAL WORKING GROUP THAT PRECEDED THE
PREPARATORY MEETING. (SUMMARY OF CONCLUSIONS SENT
SEPTEL). THE ANRPC PRESENTED AN OUTLINE OF A GLOBAL PRICE
STABILIZATION SCHEME, AND THERE FOLLOWED FOUR LENGTHY
SESSIONS AT WHICH CONSUMERS INTENSIVELY QUESTIONED
PRODUCERS. SOLE SPOKESMAN FOR PRODUCERS THROUGHOUT WAS
MALAYSIA SEKHAR, CONTROLLER, MALAYSIAN RUBBER RESEARCH
AND DEVELOPMENT BOARD. THE DISCUSSION CLARIFIED
PRODUCER THINKING ON THE MAIN POINTS, INCLUDING THAT:
- THE SCHEME WOULD REPLY PRIMARILY ON BUFFER STOCK
OPERATIONS, SUPPLEMENTED, IF NECESSARY, BY SUPPLY
RATIONALIZATION MEASURES;
- A PRICE BAND WOULD BE ESTABLISHED FOR EACH GRADE OF
RUBBER STOCKPILED;
- PRODUCERS WOULD BE WILLING, AND BELIEVE IT TECHNICALLY
FEASIBLE, TO DOUBLE NR PRODUCTION IN THE NEXT TEN YEARS
(U.S. INDUSTRY ADVISORS ARE SKEPTICAL).
NEVERTHELESS, THERE REMAIN IMPORTANT ISSUES ON WHICH
PRODUCER THINKING IS STILL UNCLEAR;
- WHY 400,000 TONS WAS SELECTED AS THE PROPOSED BUFFER
STOCK SIZE;
- FINANCING REQUIREMENTS AND MECHANISMS;

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- INTENTIONS TOWARD HARMONIZATION OF NR AND SR PRODUCTION;
- HOW A REFERENCE PRICE WOULD BE DETERMINED AND FUNCTION;
- WHEN PRODUCERS BELIEVE EXPORT CONTROLS TO DEFEND THE FLOOR
PRICE WOULD BE INVOKED AND SUSPENDED.
(PRODUCERS INDICATED IN CORRIDOR CONVERSATIONS THAT DETAILED
NUMBERS IN PROPOSAL WERE ARRIVED AT THROUGH DEDUCTION
RATHER THAN ECONOMETRIC ANALYSIS.)
ALTHOUGH THE COMMUNIQUE OF THE PREPARATORY MEETING LEAVES
OPEN THE POSSIBILITY OF ALTERNATIVE PROPOSALS BY CONSUMERS,
IT APPEARS LIKELY THAT THE ANRPC PROPOSAL WILL BE THE
BASIS FOR THE WORK OF THE TASK FORCE.

6. COMMENT: FROM U.S. POINT OF VIEW RESULTS OF MEETING
APPEAR OPTIMAL. ALL OF OUR OPTIONS ON NEGOTIATIONS RE-

MAIN OPEN AND WE HAVE SUFFICIENT TIME TO COMPLETE
EXTENSIVE ANALYSIS OF IMPLICATIONS OF PROPOSED STABIL-
IZATION AGREEMENT FOR U.S. INTERESTS PRIOR TO FACING A
DECISION ON JOINING NEGOTIATIONS, AND ALSO ALLOW US TO
DEVELOP COMPREHENSIVE U.S. POSITION INCLUDING ALTERNATIVE
PROPOSALS IF DESIRABLE. WE ARE ALSO IN POSITION TO BEGIN
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CONSULTATIONS WITH CONGRESS AND CONTINUE THOSE WITH U.S.
INDUSTRY FROM AN EARLY STAGE IN THE PROCESS.SORENSEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, FOREIGN TRADE, PRICES, MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA04730
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770210-1048
Format: TEL
From: GENEVA
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770664/aaaacdzw.tel
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
Reference: 77 GENEVA 419, 77 GENEVA 420
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2179069
Secure: OPEN
Status: NATIVE
Subject: SECOND PREPARATORY MEETING ON NATURAL RUBBER (NR)
TAGS: EAGR, ETRD, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/67364f7e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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